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PAUL W. RAINWATER
COMMISSIONER OF ADMINISTRATION

State of Louisiana
Division of Administration
Office of Planning and Budget

MEMORANDUM

TO: Department Heads, Undersecretaries, and Fiscal Officers

FROM: Ray L. Stockstill, Assistant Commissioner 

DATE: September 20, 2010

SUBJECT: PREPARATION OF FISCAL YEAR 2011-2012 BUDGET DOCUMENTS

For Fiscal Year 2011-2012, all budget forms, addenda forms, and instructions are available in Microsoft Excel and PDF. Electronic versions of these forms are available on the Office of Planning and Budget (OPB) website <http://www.doa.louisiana.gov/opb/index.htm>. To download budget forms, addenda forms, and instructions, first access the OPB website; then select Forms, Guidelines and Memo> Budget Forms and Instructions from the navigation menu. The Forms and Guidelines page contains a link entitled FY 2011-2012 Budget Forms. Right click on the link, select "**Save Target As...**" and choose a place on your hard-drive to save the file named *opb_forms.zip*. This zip file contains all budget forms and their instructions. Once you have downloaded the file *opb_forms.zip* to your computer, use Windows Explorer to locate this file in the folder where you saved it. After you locate this file, double click on it to unzip the budget forms and save them to your computer. The OPB developed these forms using Microsoft Excel so you will need to use software that is capable of using this format. The budget form instructions are in PDF, so you must use software that can read this format in order to read these instructions.

It is important that you take the time to carefully read through the entire packet as there are significant changes to some forms and new forms have been added.

Total Budget Request

Title 39 mandates that budget development be on the basis of **appropriation levels** rather than **continuation levels**. However, continuation level is an important interim step in the budget development process. Agencies will prepare their budget requests with the current year

existing operating budget as the budget request base to which adjustments are made to arrive at the total budget request. The “total budget request”, must be submitted on or before November 1, 2010. It consists of six (6) separate components: the operational plan, the existing operating budget, the continuation budget, the technical/other adjustment package, new or expanded services requests, and total request summary. The total budget request should be accompanied by the addenda identified in this letter.

1. Operational Plan

The operational plan (OP) is the principal narrative portion of the budget request. It is the annual work plan of an agency and its component programs. As such, it must include a description of agency and program missions, goals, activities, objectives, and performance indicators. Use the OP form included in the budget request package. It is important that you carefully read and follow the “Operational Plan Guidelines and Instructions.”

2. Existing Operating Budget

The existing operating budget (EOB) is the current year appropriation level adjusted for all APs, RBs, EBs, and BA-7s approved as of September 30, 2010. An EOB performance standard is the initial performance standard (from Act 11 or Act 41 of the 2010 Regular Legislative Session) and any adjustments to performance standards as a result of BA-7s approved as of September 30, 2010.

3. Continuation Budget

The development of continuation budget (CB forms) allows the identification of the financial resources necessary to carry on all existing programs and functions of the budget unit at their current level of service in the ensuing fiscal year, including any adjustments necessary to account for the increased cost of services or materials due to inflation and estimated increases in workload requirements resulting from demographic or other changes. Performance indicators must be used to justify workload adjustments in continuation budget forms.

4. Technical/Other Adjustment Package

Technical/Other Adjustments (T/OAP forms) reflect adjustments from the continuation level that allow for technical changes and transfers of a program or function from one agency or department to another agency or department. Any changes reflected by these forms (T/OAP) must have a zero statewide impact. Technical/Other Adjustments forms also contain a section, which must be filled out, to explain how the items of this form will affect performance.

5. New or Expanded Services Requests

New or expanded services requests (NE forms) provide information relative to the cost of new and/or expanded services, defined as (1) increases caused by a change in laws, regulations, or procedures which are/were controllable by the agency, and (2) additional services not previously

provided nor defined under the workload criteria. Performance sections must be filled out to explain how objectives and performance indicators will be affected by the NE request.

6. Total Request Summary

The total request summary (TR-SUMM forms) provides a ready reference and a cross-check of the “total budget request”.

When preparing your “total budget request”, use the following guidelines:

1. Justifications: Full justifications of requests and data, including performance indicators, are imperative. Use continuation sheets where needed.
2. Personal Services: The ISIS-Human Resources (HR) payroll system enables the generation of more accurate, detailed reports, including the ZP116 base level report. The ZP116 report will be used to calculate the salary and related benefits required by each of your agencies. The ZP116 form should be downloaded (converted) to an Excel format. Use this Excel spreadsheet as the basis for your salary and related benefits base level calculations.

All budget requests that are different from the base-level ZP116 report from the HR system MUST be fully documented/justified. All budget requests MUST start with the base level report as of September 30, 2010 and detail all exceptions.

Should you be unable to fully document/justify requested changes, the base-level ZP116 will be utilized for your agency's salary and related benefits budget.

YOU MUST IDENTIFY YOUR VACANCIES ON THE ZP116 REPORT. As referenced in the Commissioner of Administration’s ISIS-HR Memorandum dated July 1, 2010.

http://www.doa.louisiana.gov/opb/faf/FY11/ISIS_HR_Data_and_Budget_Development_7-1-2010.pdf

We suggest you run this report early to identify any problem in order that corrections can be made in the HR system's database. OPB intends to utilize but not be limited to the following reports:

- ZP116—for filled positions
- ZP16—for a Summary report of position data by personnel sub-area

3. Related Benefits:

- A. Retirement - Form BR-12 asks you to "Post the actuarial rates for the Existing Operating Budget for each applicable retirement system". Please be apprised information regarding percentage rates:

	<u>UAL + NORMAL = TOTAL</u>		
(1) State Employees Retirement Rate	15.4%	6.6%	22.0%
(2) Teachers State Retirement Rate	14.5%	5.7%	20.2%
(3) State Police Retirement Rate	33.2%	17.7%	50.9%

The retirement system rates are current fiscal year's rates (FY11) and per information from the Louisiana State Employees' Retirement System (LASERS), Teachers' Retirement System of Louisiana (TRSL), and State Police Retirement Rate, the FY12 rates will be available between September 28th and October 5th and a subsequent memorandum from OPB will be issued notifying you of those rates. These are the rates that are to be used when developing your Fiscal Year 2011-2012 budget request.

B. FICA – Use the following percentages for computation:

- | | |
|----------------------------|---|
| (1) FICA (Social Security) | 6.2%, up to a maximum salary of \$113,700 |
| (2) Medicare FICA | 1.45%, no maximum salary |

C. Group Insurance – The estimated group insurance growth rate increase is 9.2%. Please use these percentages when developing your Fiscal Year 2011-2012 budget request.

4. Operating Expenses and Professional Services: Standard inflation factors

- (1) 1.1% general inflation
- (2) 4.4% medical inflation

5. Acquisitions/Major Repairs: These must be fully justified and requested on the appropriate form. New and replacement equipment must be identified.

The definition of acquisitions was revised in the “CLARIFICATION OF ACQUISITION OBJECTS” memorandum from the Office of Statewide Reporting and Accounting Policy (OSRAP) referenced as MEMORANDUM OSRAP 02-05 dated August 14, 2001.

6. Interagency Transfers (IAT): All agencies with IAT revenues or expenses must coordinate and ensure that both (the sending agency and the receiving agency) agencies agree on the amount of the IAT (justify each increased / decreased in IAT revenue). Signed IAT agreements must be submitted with the full budget request, which is due on November 1, 2010. Please refer to Memorandum OSRAP 03-03 dated July 22, 2002 regarding Interagency Transfers. Failure to coordinate will jeopardize the inclusion of IAT authority in the Executive Budget!

There are certain mandated statewide IAT expenditures for which agreements cannot be executed by November due to the computation of these numbers/costs not being finalized prior to near completion of the Executive Budget process. Although this is not a complete listing, some examples are Civil Service, Division of Administrative Law, Comprehensive

Public Training Program, State Treasurer, and Legislative Auditor. If you have questions concerning this process, please contact your OPB budget analyst. Expenditures for these services should be requested at the current year invoiced amount. IAT agreements are to be executed and copies forwarded to the OPB when the amounts are actually determined for these items.

7. Insurance premiums through the Office of Risk Management should be included in the agency's Fiscal Year 2011-2012 budget request.
8. Payments made to the Louisiana Office Facilities Corporation (LOFC), and/or State Buildings and Grounds for operations and maintenance and/or rental charges should be requested at the current year appropriated level.
9. New or Expanded Service Requests: No restriction will be placed on an agency request; however, consideration should be given to the state's limited resources. The forms must be identified by program. Each request must be prioritized at the departmental and budget unit level.
10. Unless the OPB has given written authority for program modification, the agency's programs must be as reflected in the Existing Operating Budget as of September 30, 2010. Any program modifications should be requested in the TOAPs.
11. The Budget Request Forms No. 6, 6(a), (b), (s) and 7 have been modified to be the **cost recovery forms** as required by Act 1001 of 2010. Instructions for completing the cost recovery forms can be located in the Instructions for Existing Operating Budget Forms Fiscal Year 2012. These forms must be completed at the activity level. Per Act 1001 of 2010, R.S. 39:33(B) shall be applicable to any budget unit that fails to submit the completed cost recovery forms as required.

Addenda

There are five (5) addenda to the Total Budget Request packet: Priority Funding Request, Sunset Review, Information Technology, Children's Budget, and Louisiana Workforce Commission. All addenda forms and instructions are available on the OPB website. Submit these addenda to the Office of Planning and Budget as separate packages accompanying the "total budget request".

1. Priority Funding Request

- Currently the Revenue Estimating Conference's estimate of available General Fund revenues for Fiscal Year 2011-2012 is approximately \$1.6 billion below estimated expenditures as reflected in the five year forecast. Analysis of available revenue for the upcoming year does not indicate any appreciable change. The lack of available revenue necessitates that we all reevaluate expenditure patterns and priorities in our respective departments. With this in

mind the Office of Planning and Budget (OPB) has devised a priority funding method of developing the preliminary Fiscal Year 2011-2012 Executive Budget Recommendation.

This method requires each state agency to submit a priority funding plan detailing how the agency will accomplish its mission given a projected level of funding. Your OPB Budget Analyst will contact your Department/Agency/Budget Unit Head relative to that particular entity's projected level of funding.

These priority funding plans will provide the Division of Administration (DOA) a starting point to reconstruct and re-prioritize services provided based on the limited funds available. DOA will continue to utilize the principles of Performance Based Budgeting to accomplish this restructuring.

Therefore, in addition to the above noted budget request forms, each department/agency/budget unit shall complete the required set of Priority Funding Request (PFR) forms as instructed. The adjustments proposed as the result of decisions made to arrive at priority funding levels should not exceed the State General Fund dollar amount given to each department/agency/budget unit. All Priority Funding Request forms are to be completed in detail and returned with the regular set of budget request forms due November 1, 2010.

- Priority funding will be provided at the highest organizational level possible (department or agency).
- You may realign funding between lower levels (agencies, programs, and items) as long as the total priority funding levels are not exceeded.
- You must explain which items are being adjusted to reach the priority funding level.
 - You must fully explain and justify any newly proposed items.
 - All items must be assigned a priority number.
 - You must fund any constitutional mandates within your priority funding level allocation.

Some examples are:

 - Salaries for Statewide Elected Officials
 - Revenue Sharing
 - Supplemental Pay for Law Enforcement Officials
 - Interim Emergency Board (IEB)
 - Minimum Foundation Program (MFP)
 - Elections Program
 - Debt Service
 - You must fund the following compulsory adjustments within your priority funding level allocation:
 - Group Benefits
 - Retirement
 - Group Insurance for Retirees
 - Risk Management
 - Rent/Maintenance

- Civil Service
- UPS Fees
- Legislative Auditor Fees
- Treasury Fees
- Agencies must provide sufficient expenditure detail to permit OPB to make necessary adjustments in its database and to provide statutorily-required information in the Executive Budget Supporting Document.
- OPB may request additional information/justification as needed.

2. Sunset Review

- The Sunset Review addendum identifies legislatively authorized activities for which implementation funding has not been provided.

3. Information Technology

- The Information Technology (IT) addendum requests costs associated with the acquisition and operation of IT activities. All IT requests will be prepared and submitted online (<http://bpm.doa.la.gov/metastorm/custom/oitlogin.asp?MODE=LOGIN>) using the OIT IT Request Workflow System. Detailed information about the IT Request Workflow System, including criteria for submittal of an IT request and examples, can be found on the OIT web site at <http://www.doa.louisiana.gov/oit/ITRequests.htm>. Please note that in addition to IT requests, the Form IT-0 (which includes Tab 1 and Tab 2 and can be downloaded from the OIT website listed above) must be submitted with your total budget request to OPB, and an electronic copy in Excel format submitted via e-mail to itbudget@la.gov. Questions regarding the IT workflow process should be directed to Barbara Oliver via e-mail at itbudget@la.gov.

4. Children's Budget

- The Children's Budget, as mandated by R.S. 46:2603 and 2604, is a subset of information provided elsewhere in the budget request and is designed to provide information relative to the cost of children's services. Children's Budget forms include Child Forms DT, DS, DC, AS, AC, Child-1 and Child-2. All agencies should carefully analyze their programs and review the Children's Budget Instructions before making a determination about whether or not they are subject to the provisions of the statute. The completed Children's Budget addendum must be submitted to the Office of Planning and Budget with the budget request; a copy must be submitted also to Ms. Karen Stubbs, Executive Director, Children's Cabinet, Office of the Governor at (225) 342-3327.

5. Louisiana Workforce Commission

- Budget units subject to the provisions of Act 1 of 1997, which created the Louisiana Workforce Investment Council (WIC), must comply with additional budget request requirements (except as limited, restricted, or otherwise prohibited by the Constitution of Louisiana). Questions regarding the WIC addendum should be directed to (225) 342-3110. The completed WIC addendum must be submitted by **October 25, 2010**, to the Louisiana Workforce Investment Council. In addition, the completed addendum should accompany all copies of the total budget request submitted to the Office of Planning and Budget. See Appendix A of the WIC Budget Request Instructions and Guidelines for Fiscal Year 2011-2012 for a listing of Agencies Required To Submit A Workforce Development Budget Request.

Submission of “Total Budget Request” and Addenda

No later than November 1, 2010, submit the following:

To Recipient Agency

Number of Copies

Office of Planning and Budget
1201 North Third Street
Claiborne Building, Suite 7-150
Baton Rouge, LA 70802

Original and two (2) copies [three (3) sets in all] of the “total budget request” and addenda

Legislative Fiscal Office
18th Floor, State Capitol Building
900 North Third Street
P.O. Box 44097
Baton Rouge, LA 70804

One (1) copy of the “total budget request” and addenda

Joint Legislative Committee on the Budget
24th Floor, State Capitol Building

One (1) copy of the “total budget request” and addenda

Senate Finance Committee
1st Floor, State Capitol Building

One (1) copy of the “total budget request” and addenda

House Appropriations Committee
24th Floor, State Capitol Building

One (1) copy of the “total budget request” and addenda

Performance Audit Division
Office of the Legislative Auditor
1600 North Third Street
Baton Rouge, LA 70802

One (1) copy of the “total budget request” and addenda

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Louisiana Workforce Commission
1001 N. 23rd Street
Baton Rouge, LA 70802

Agencies subject to the provisions of Act 1
of 1997 must submit one (1) copy of the
Louisiana Workforce Commission addendum

Attn: Ms. Karen Stubbs
Children's Cabinet
Office of the Governor
P.O. Box 94004
Baton Rouge, LA 70804-9004

Agencies subject to the provisions of the
Children's Cabinet must submit one (1) copy
of the Children's Budget addendum

Attn: Barbara Oliver
<mailto:itbudget@la.gov>

An electronic copy of all IT
Details Form(s)

It is the responsibility of the submitting agency to ensure that all forms are delivered to the appropriate recipient agencies, as stated above.

If you have any questions pertaining to any of the OPB forms or instructions please contact your OPB budget analyst.

Thank you for your cooperation in filing a complete and timely set of budget documents.

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